



AFFORDABLE CARE ACT & 2015 U.S. FEDERAL INCOME TAX RETURN IRS FORM 1095-C

STATE OF IOWA EMPLOYEE EDUCATION

JANUARY 2016

Legal DISCLAIMER

The State of Iowa is providing this information to employees and plan participants as general guidance and is not intended to be and should not be considered tax or legal advice. The State of Iowa urges all Associates to consult with their tax preparer about specific tax and legal issues or questions regarding this information to ensure they are receiving direct advice that is informed by the law and all facts and surrounding circumstances of the inquiry.

The Affordable Care Act (ACA) contains comprehensive health insurance reforms and includes tax provisions that affect individuals and families. These tax provisions contain important changes, including how individuals and families file their taxes. You will see changes related to the health care law as you file your income tax return. **The law requires you and your dependents to have health care coverage, an exemption, or make a payment with your return.**

Why is the State of Iowa providing me with IRS Form 1095-C Form?

- ▶ This is important information – please keep this form for your records!
- ▶ The Affordable Care Act (ACA) requires the State of Iowa to provide IRS Form 1095-C to all employees offered health insurance meeting “minimum essential coverage” requirements in 2015. You will need this form to complete your 2015 U.S. federal income tax return.
- ▶ The State of Iowa will send you the completed Form 1095-C (“Employer-Provided Health Insurance Offer and Coverage Statement”) which includes all the necessary information to properly complete and file your tax return.
- ▶ As required by ACA, The State of Iowa will also provide copies of this information to the IRS.

What is the purpose of IRS Form 1095-C?

- ▶ Form 1095-C is being provided to you as proof of the health insurance coverage the State of Iowa offered you and your family.
- ▶ It contains information about who provided your health insurance, as well as which members of your family were covered by the health insurance coverage that was offered to you.
- ▶ It also could list the lowest monthly premium that you could have elected for the self-only health insurance coverage we offered to you. This amount does not have to reflect the plan you actually selected or the tier of coverage you are enrolled in. **If you qualified for a wellness incentive during the year, the State is required to reflect the non-wellness contribution rate for reporting purposes.**

What do I need to do with IRS Form 1095-C?

- ▶ You or your tax preparer will use the Form 1095-C to help you report your health insurance coverage when filing your U.S. federal income tax return for the 2015 tax year.
- ▶ Only one form is provided for all the individuals listed on your health insurance coverage; you may need to provide copies to your spouse or dependents, as necessary.
- ▶ If you and everyone in your tax household had health insurance coverage for the entire year, you will simply check the box on your income tax return on the line labeled – **Healthcare Individual Responsibility** – to indicate full year coverage.

Why do I have to have proof of health insurance?

- ▶ The Affordable Care Act requires all taxpayers to do at least one of three things:
 1. Have [qualifying health insurance coverage](#) for each month of the year
 2. Have an [exemption](#) from the requirement to have health insurance coverage
 3. Make an [individual shared responsibility payment](#) when filing your federal income tax return if you did not have qualifying health insurance coverage for each month of the year

What is qualifying health insurance/“minimum essential coverage”?

- ▶ Qualifying health insurance coverage (known as “minimal essential coverage”) includes:
 1. **State of Iowa group health insurance plan**
 2. **Individual health insurance plan** you purchased directly from an insurance company, including the Health Insurance Marketplace
 3. **Coverage under government-sponsored programs:**
 1. Medicare Part A coverage and Medicare Advantage plans
 2. Most Medicaid coverage
 3. Children’s Health Insurance Program (CHIP)
 4. Most types of TRICARE coverage
 5. Comprehensive health care offered by the Department of Veterans Affairs
 6. State high-risk health insurance pools (only for a plan year beginning on or before 12/31/14, unless recognized as minimum essential coverage by HHS)
 7. Health coverage provided to Peace Corps volunteers
 8. Department of Defense Non-appropriated Fund Health Benefits Program
 9. Refugee Medical Assistance

How do I qualify for an exemption if I need it?

- ▶ If you are not eligible for State of Iowa's coverage and you meet certain criteria for a tax year, you may be [exempt](#) from the requirement to have qualifying health coverage
- ▶ If you are exempt, you will not have to make a shared responsibility payment when you file your federal income tax return
- ▶ For any month that you do not qualify for a coverage exemption, you will need to have minimum essential coverage or make a shared responsibility payment
- ▶ You can obtain some exemptions only from the [Health Insurance Marketplace](#), while others you may claim when you file your tax return
- ▶ **You may be exempt if you meet one of the following:**
 1. The minimum amount you must pay for the annual premiums is more than 8% of your household income
 2. You have a gap in health insurance coverage that is less than 3 consecutive months
 3. You qualify for an exemption for one of several other reasons, including having a hardship that prevents you from obtaining coverage, or belonging to a group explicitly exempt from the requirement

What is the “shared responsibility payment?”

- ▶ For each month in 2015 that anyone on your tax return did not have qualifying health insurance coverage AND did not qualify for an exemption, you need to make a payment with your tax return – this is called the “**shared responsibility payment.**”
 - This payment is sometimes referred to as the “**penalty,**” “**fine,**” or “**individual mandate**”
 - The payment amount is either a percentage of your income or a flat dollar amount, whichever is greater
 - **The payment for 2015 is the higher of:**
 - 2% of your household income or
 - \$325 per adult, \$162.50 per child under age 18 (up to a maximum of \$975)
 - You will owe 1 / 12th of the annual payment for each month you (or your dependents) do not have coverage AND are not exempt

What specific information is included on the IRS Form 1095-C?

This information on the Form 1095-C includes:

- ▶ Information that will identify which months you were provided health insurance and whether the State met the affordability criteria for you and any enrolled dependents
- ▶ Part II includes various codes and amounts that indicate specific information to the IRS regarding the type, level and affordability of the State's health insurance coverage as required by law
- ▶ Part III includes each month you and/or your dependents were enrolled in employer-provided, self-insured health insurance coverage.
- ▶ Note that if you are enrolled in the State's fully insured medical plan, you will be receiving another form (Form 1095-B) directly from Wellmark indicating your monthly health insurance enrollment in lieu of the Part III information. If you are covered by any other employer or Insurance plans, you may be receiving additional 1095-C and/or 1095-B forms.

What if I have questions about IRS Form 1095-C?

- ▶ If you have any questions about your Form 1095-C, please email ACA@iowa.gov.
- ▶ Report any incorrect information (name, address, SSN, dependents, coverage period) to ACA@iowa.gov no later than March 1, 2016. A corrected Form 1095-C will be sent to you.
- ▶ For more information about Form 1095-C you can also visit: <http://www.irs.gov/uac/About-Form-1095-C>

What information is the State of Iowa required to report to the IRS when filing the return?

We are required to report the following to the IRS:

- ▶ The State of Iowa's name, address, and employer identification number (EIN)
- ▶ Your name, address, and SSN (if you are not enrolled in the health insurance coverage, we may, but are not required to, report your SSN)
- ▶ The name and SSN (or date of birth if a SSN is not available) of each individual covered under your health insurance coverage and the months for which you were enrolled in coverage and entitled to receive benefits

Does the IRS require the State to provide SSNs for me and my dependents?

- ▶ Yes – reporting of SSNs for all covered employees is necessary for the IRS to verify your coverage without the need to contact you directly.
- ▶ If the State of Iowa doesn't have the SSN of a dependent, there could be delays in the IRS authenticating coverage from the reporting to the tax return which includes the SSN.

Questions?

1. Refer to Online Resources:

(Insert State webpage)

www.irs.gov

www.healthcare.gov

2. Consult your Tax Preparer

-or-

3. Email ACA@iowa.gov